

Message Text

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67

ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 L-03 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 RSR-01 /089 W

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R 240801Z JUL 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9081

UNCLAS SEOUL 4815

FOR EXIMBANK

E.O. 11652: N/A

TAGS: ETRD, KS

SUBJECT: TONG YANG CEMENT CREDIT

1. ANXIOUS TELEPHONE CALL FROM TONG YANG CEMENT CHAIRMAN LEE INFORMED US THAT LAST MINUTE HITCH HAS DEVELOPED IN FINAL APPROVAL OF EXPANSION PROJECT. APPROVAL WAS EXPECTED TOMORROW, JULY 25, BY INVESTMENT SCREENING COMMITTEE. HOWEVER, DOCUMENT, AS PREPARED FOR PRESENTATION TO COMMITTEE, CALLS FOR OVER TEN YEAR MINIMUM REPAYMENT FOR EXIM CREDIT RATHER THAN SEVEN YEARS - PLUS CONSTRUCTION (APPROXIMATELY TWO YEARS) - PLUS SIX MONTHS AS SPECIFIED IN EXIM LOAN PAPER.

2. IN RESPONSE TO EMBASSY QUERY, EPB OFFICIAL (WEI) EXPLAINED THAT TEN YEAR TOTAL REPAYMENT REQUIRED TO SQUEEZE TONG YANG LOAN INTO IMF KOREA CREDIT CEILING CATEGORY FOR CREDITS OF 10-15 YEARS. ACCORDING TO OFFICIAL, ROKG ALREADY UP TO CEILING ON CREDITS IN CATEGORY UP TO TEN YEARS.

3. WHEN DISCREPANCY BETWEEN MORE THAN TEN YEAR REPAYMENT AND EXIM LOAN DOCUMENT MAXIMUM OF NINE AND ONE-HALF YEARS WAS POINTED OUT, EPB OFFICIAL SUGGESTED CONSTRUCTION PERIOD MIGHT BE EXTENDED FOR ADDITIONAL SEVEN MONTHS. AT ANY RATE, PROBLEM WOULD BE EXPLAINED TO HENRY KEARNS DURING WASHINGTON VISIT OF UNCLASSIFIED

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KOREA ECONOMIC GROUP FIRST WEEK OF AUGUST. WE TOLD HIM

WE WOULD WIRE EXIM ABOUT SITUATION.

4. IMF LOAN CEILING PROBLEM IS A REAL ONE. WE UNDERSTAND
FURTHER COMPLICATION IS FULLER COMPANY READINESS TO BEGIN
PRODUCTION TONG YANG'S CEMENT MACHINERY ON AUGUST FIRST.

5. UNDER CIRCUMSTANCES, WE BELIEVE BEST COURSE IS FOR
TONG YANG TO COMPLETE COMPLICATED APPROVAL PROCESS ON OVER
TEN YEAR REPAYMENT BASIS AND THEN SEEK EXIM LOAN AMENDMENT
ADDING SEVEN MONTHS AT BEGINNING OR END. WE WOULD ENDORSE
THE ADDITIONAL REPAYMENT PERIOD BECAUSE THIS HAS BEEN LONG,
TORTUOUS, CREDIT NEGOTIATION AND PROJECT IS KEY ONE BOTH FOR
DEVELOPMENT OF KOREAN CEMENT INDUSTRY AND DEVELOPMENT OF MARKET
FOR U.S. CEMENT MACHINERY IN KOREA.
HABIB

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EO Systematic Review
30 JUN 2005

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TAGS: ETRD, KS, IMF, XMB
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